

FISCAL NOTE

Bill #: SB0064

Title: Revise contractor registration laws

Primary Sponsor: Brueggeman, J

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
Expenditures:		
General Fund	\$0	\$0
State Special Revenue	\$0	\$0
Revenue:		
General Fund	\$0	\$0
State Special Revenue	\$30,245	\$99,511
Net Impact on General Fund Balance:	\$0	\$0

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|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Labor and Industry

1. SB 64 revises laws governing contractor registration, construction contractors, and specifies the disposition of construction contractor and independent contractor registration fees.
2. During the 2007 biennium, the department estimates that contractor registration certificates will remain relatively stable. There are currently 10,601 contractor registration certificates issued.
3. In FY 2004, the department issued 2,471 (23.3 percent) contractor registration certificates. The department assumes that these certificates will be up for renewal in FY 2006 and anticipates the remaining 8,130 (76.7 percent) will be renewed in FY 2007.
4. An average of 60 percent of contractor registratin applications have one or more independent contractor exemption applications submitted with them. When contractor registration applications are submitted with independent contractor exemptions, an average of 1.2 exemption applications are included.
5. During FY 2004, whenever a contractor registration application arrived with any independent contractor exemptions, the total \$70 was deposited in the contractor registration fund.

Fiscal Note Request SB0064, As Introduced

(continued)

6. The cost of a two-year contractor registration certificate is \$70. A two-year independent contractor exemption certificate is \$17. The cost will increase to an average of \$90.40 ($70 + (17 \times 1.2)$) for those with independent contractor applications included.
7. The fee for a contractor registration certificate is set by rule but can be no more than \$70. If this separation of the fee results in reduced revenue needed to perform only the contractor registration functions, the department will reduce the contractor registration fee accordingly. These projections are based on the fee remaining at \$70 for a contractor registration certificate.
8. In FY 2006 an additional \$30,245 will be collected ($2,471 \text{ contractor registrations} \times 60 \text{ percent} \times \17×1.2) for the independent contractor function. In FY 2007 an additional \$99,511 will be collected ($(8,130 \text{ contractor registrations} \times 60 \text{ percent} \times \$17 \times 1.2)$) for the independent contractor function.
9. Because the independent contractor fees will be deposited in the fund designated in Section 2 and not in the fund designated in Section 3, there is a funding shift between two state special revenue accounts with regard to independent contractor funding. The amount of expenditures does not change, but the funding of the independent contractor expenditures does change.
10. SB 64 will result in some rule-making activity. However, the department will absorb the increase activity by existing staff.

FISCAL IMPACT:**Department of Labor and Industry**

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Funding of Expenditures:</u>		
General Fund (01)		
State Special Revenue (02455)	(362,945)	(362,945)
State Special Revenue (02346)	<u>362,945</u>	<u>362,945</u>
TOTAL	\$0	\$0
<u>Revenues:</u>		
State Special Revenue (02)	\$30,245	\$99,511
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02346)	\$30,245	\$99,511